

Message Text

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ACTION EB-11

INFO OCT-01 NEA-10 ADP-00 AID-20 NSC-10 RSC-01 CIEP-02

TRSE-00 SS-14 STR-08 OMB-01 CEA-02 L-03 H-02 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 SAL-01 PA-03 PRS-01 USIA-12 IO-12 IGA-02 AGR-20

RSR-01 SPM-01 /176 W

----- 081615

R 020525 Z APR 73

FM AMEMBASSY DACCA

TO SECSTATE WASHDC 9249

INFO AMEMBASSY ISLAMABAD

LIMITED OFFICIAL USE SECTION 1 OF 2 DACCA 1400

E. O. 1 1652: ADS 1/1/74

TAGS: EAID EFIN BG

SUBJ: INTERNATIONAL MEETING ON DEVELOPMENT OF BANGLADESH

FOLLOWING IS STATEMENT BY MR. DONALD G. MACDONALD, LEADER
OF U. S. DELEGATION:

" THANK YOU MR. CHAIRMAN. I WOULD LIKE TO EXPRESS MY
GOVERNMENT' S APPRECIATION FOR YOUR INVITATION TO THIS FIRST
MEETING OF REPRESENTATIVES OF THE NATIONS PROVIDING HUMANITARIAN
AND ECONOMIC ASSISTANCE FOR BANGLADESH. IT IS A SPECIAL PLEASURE
FOR ME PERSONALLY, MR. CHAIRMAN, BECAUSE OF MY LONG AND CLOSE
ASSOCIATION WITH YOU AND SO MANY OF YOUR COUNTRYMEN IN EARLIER
YEARS.

" LET ME THANK YOU ALSO FOR THE FULLNESS AND CLARITY OF YOUR
PRESENTATION ABOUT THE PROGRESS MADE SO FAR IN YOUR GOVERN-
MENT' S EFFORTS TO BIND UP THE NATION' S WOUNDS, TO RESTORE ITS
ECONOMY AND TO PREPARE THE FOUNDATION FOR LONG- TERM
DEVELOPMENT. WE ARE IMPRESSED THAT SO MUCH HAS BEEN
ACCOMPLISHED IN THE SHORT TIME SINCE INDEPENDENCE; WE ARE
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ALSO IMPRESSED BY THE STRATEGY UNDERLYING YOUR PLANS FOR THE FUTURE. A GOOD BEGINNING IS UNDERWAY.

" IN THAT CONNECTION, HOWEVER, I WOULD LIKE TO EXPRESS A GENERAL VIEW ABOUT THE COMPLEMENTARITY OF PLANNING AND IMPLEMENTATION, TWO SIDES OF WHAT WE BELIEVE IS VERY MUCH THE SAME COIN. ON THE WHOLE, WE THINK WELL OF THE OUTLINES OF THE FIVE YEAR PLAN AS FORESHADOWED IN YOUR REPORT ON PRELIMINARY ECONOMIC PROJECTIONS FOR 1973/74.

" SPECIFICALLY, WE ENDORSE THE EXPLICIT AIMS OF THE PLAN - HIGHLIGHTING THE NEED TO ATTACK POVERTY AND EXPAND EMPLOYMENT. THESE AIMS HAVE LONG BEEN ACKNOWLEDGED AS IMPORTANT IN A HUMANITARIAN SENSE, AND IN ANY CASE, AS POLITICALLY NECESSARY FOR ANY DEMOCRATIC GOVERNMENT. BUT IT HAS BECOME INCREASINGLY CLEAR IN RECENT YEARS, WE THINK, THAT AN APPROACH TO DEVELOPMENT WHICH SEEKS ONLY THE FASTEST POSSIBLE ROUTES TO INCREASED PRODUCTION IS NOT GOOD ENOUGH. THE SUREST AND, PERHAPS, THE ONLY ROUTE TO REAL GROWTH IS A DEVELOPMENT STRATEGY WHICH INVOLVES BROAD PARTICIPATION, MAXIMUM EMPLOYMENT- GENERATION AND INCOME DISTRIBUTION.

" FROM THAT PERSPECTIVE, WE ALSO ENDORSE THE CONCENTRATION YOUR DEVELOPMENT PLAN WILL PLACE ON AGRICULTURE AND ON THE POPULATION PROBLEM, THE LATTER OF WHICH I WOULD LIKE TO RETURN TO AGAIN IN A MOMENT.

" WE ARE ALSO REASSURED TO NOTE THAT YOU HAVE RECOGNIZED THE NEED TO ASSESS THE LIMITS OF YOUR CAPACITY TO IMPLEMENT DEVELOPMENT ACTIVITIES - A RECOGNITION THAT, SOUND AIMS AND SENSIBLE PROGRAMS ARE NOT SELF- EXECUTING. MONEY IS NOT ENOUGH TO DO THE JOB; ORGANIZATIONAL RESOURCES MUST ALSO BE MOBILIZED TO CARRY OUT THE PLAN. WE ARE INCLINED TO THINK THAT THE LEVEL OF EFFORT FORECAST IN YOUR PLANS - BOTH FINANCIAL AND ADMINISTRATIVE EFFORT - WILL PROVE TO HAVE BEEN OVERLY AMBITIOUS. AN EXTRAORDINARY EFFORT WOULD BE REQUIRED ON YOUR PART TO USE THE EXTERNAL RESOURCES YOU CITE FULLY AND EFFECTIVELY. SO WE THINK YOU ARE RIGHT IN EMPHASIZING THAT THE PLAN SHOULD RETAIN ' CONSIDERABLE FLEXIBILITY'.

" WE ALL RECOGNIZE THE NEED FOR THE LONG- TERM PERSPECTIVE THAT A PLAN PROVIDES, BUT I WONDER WHETHER IN THE CONTEXT OF BANGLADESH'S PROBLEMS TODAY IT IS PRACTICAL TO ATTEMPT MUCH LIMITED OFFICIAL USE

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MORE THAN TO SKETCH THE OUTLINES. THE PROBLEMS OF

MOBILIZATION OF RESOURCES AND THE RETURN OF THE ECONOMY TO ITS
FORMER LEVEL OF PRODUCTION REMAINS SO PRESSING THAT THE FALLING
IN OF THOSE OUTLINES SHOULD BE KEPT AS FLEXIBLE AS POSSIBLE.
ESSENTIALLY, BANGLADESH NEEDS TO KNOW, FROM EXPERIENCE,
WHAT THE AREAS ARE WHERE IT CAN OPERATE MOST EFFICIENTLY AND
FEED THAT INFORMATION INTO ITS PLANNING PROCESS. PERHAPS WHAT
IS NEEDED IS A "ROLLING" TWO YEAR PLAN WITH THE FIVE YEAR PLAN-
AS ONE YEAR IS COMPLETED ANOTHER YEAR IS ADDED.

" I WOULD LIKE TO SAY A WORD NOW ABOUT YOUR NEED FOR
CONCESSIONAL ASSISTANCE.

" THE UNITED STATES HAS PROVIDED ABOUT ONE- THIRD OF ALL
EXTERNAL ASSISTANCE TO BANGLADESH. WE HOPE TO BE ABLE TO
CONTINUE UP TO THAT SHARE IN THE NEXT YEAR OR SO AND WE ARE
PREPARED TO PROVIDE IT ON THE MOST GENEROUS TERMS OUR
LEGISLATION PERMITS- LOANS WITH 40- YEAR MATURITIES,
10- YEAR GRACE PERIODS AND LOW INTEREST RATES THAT WILL
INCORPORATE A GRANT ELEMENT OF SOME 67 PERCENT. YOUR FINANCIAL
CIRCUMSTANCES CALL FOR THAT. YOU MUST LIVE WITHIN THE MEANS
OF YOUR DEBT- SERVICE CAPABILITY. SO WE CALL UPON
OTHER DONORS TO ADOPT SIMILAR CONCESSIONAL POLICIES. IF SOME
DON' T, WE WOULD URGE YOU TO FOREGO THEIR COSTLY AID. THOSE
WHO DO OFFER AID ON APPROPRIATELY CONCESSIONAL TERMS CAN
HARDLY BE EXPECTED TO CONTINUE TO DO SO IF THEIR RESOURCES ARE
DIVERTED FROM INVESTMENT TO PAYMENTS FOR HIGH- COST AID.

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----- 081606

R 020525 Z APR 73

FM AMEMBASSY DACCA

TO SECSTATE WASYDC 9250

INFO AMEMBASSY ISLAMABAD

LIMITED OFFICIAL USE SECTION 2 OF 2 DACCA 1400

" WE THEREFORE SUGGEST THAT YOUR RECORDS OF EXTERNAL AID HENCEFORTH SHOW THE GRANT ELEMENT OF AID FROM ALL SOURCES.

" THE QUESTION OF LOCAL COST FINANCING BY DONORS IS RELATED TO THE FOREGOING. MUCH OF MY GOVERNMENT' S AID HAS BEEN PROVIDED TO MEET YOUR DOMESTIC DEVELOPMENT COSTS. IT IS OF THE UTMOST IMPORTANCE THAT BANGLADESH IMPROVE ON ITS MOBILIZATION OF DOMESTIC RESOURCES, WHICH, IF I AM CORRECT, ARE PROPOSED TO PAY FOR ONLY ABOUT ONE- HALF OF YOUR TOTAL DEVELOPMENT INVESTMENTS. THIS IS MUCH LESS THAN MANY OF THE DEVELOPING COUNTRIES, SOME OF WHOSE SHARE OF TOTAL DEVELOPMENT COSTS IS MORE THAN 90 PERCENT. BUT WE RECOGNIZE THAT FOR THE PRESENT YOUR RESOURCE MOBILIZATION CAPACITY IS LIMITED. SO, HERE TOO, WE WOULD ENCOURAGE OTHER DONORS TO DO WHAT THEY CAN TO FINANCE A PART OF THE LOCAL, AS WELL AS THE FOREIGN EXCHANGE, COSTS OF YOUR INVESTMENT PROGRAM EITHER BY CASH FINANCING FOR LOCAL COSTS OR BY COMMODITY AID WHICH CAN GENERATE LOCAL SALES PROCEEDS.

" MR CHAIRMAN, I REALIZE THAT THE AGENDA FOR TOMORROW' S MEETING INCLUDES A DISCUSSION OF FOOD REQUIREMENTS AND THAT LIMITED OFFICIAL USE

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YOU WOULD PREFER DEFERRING DISCUSSION OF THE SUBJECT UNTIL THEN. NONETHELESS, I WOULD LIKE TO MAKE A FEW COMMENTS WHICH YOU, MR. CHAIRMAN, AND THE HEADS OF DELEGATIONS MIGHT WISH TO DELIBERATE IN ADVANCE OF TOMORROW' S DISCUSSION. MY COUNTRY IS FORTUNATE TO BE ABLE TO PRODUCE FOOD SO MUCH IN EXCESS OF OUR NEEDS, PARTICULARLY IN THE PAST YEAR, IN WHICH WE HAVE HELPED AVOID HUNGER AND STARVATION IN MANY PARTS OF THE WORLD. WE WILL CONTINUE TO HAVE A SUBSTANTIAL CAPACITY AND WILL CONTINUE TO PROVIDE FOOD ON BOTH COMMERCIAL AND CONCESSIONAL TERMS. BUT ANOTHER YEAR OF WORLD SHORTAGES COULD STRAIN OR SURPASS OUR CAPACITY. WITH EVER INCREASING POPULATIONS, FOOD PRODUCTION MUST BE INCREASED THROUGHOUT THE WORLD. IN THESE CIRCUMSTANCES, WE WOULD STRESS THAT THE AVAILABILITY OF CONCESSIONAL FOOD MUST NOT, IN YOUR INTEREST AND OURS, BE PERMITTED TO BECOME A DISINCENTIVE TO YOUR OWN PRODUCTION. ACCORDINGLY, WE WOULD EXPECT THAT SOME PORTION OF YOUR FUTURE FOOD IMPORT REQUIREMENTS WILL BE PURCHASED BY YOU ON WORLD MARKETS WITH YOUR OWN FUNDS. ALSO, DESPITE OUR EXTRAORDINARY CAPACITY TO PRODUCE FOOD, THE UNITED STATES SHOULD NOT BE EXPECTED TO PROVIDE AN UNDUE SHARE OF FUTURE CONCESSIONAL FOOD IMPORTS. WE BELIEVE SUCH IMPORTS SHOULD

BE FINANCED BY OTHER FOOD EXPORT NATIONS AND ALSO BY FOREIGN EXCHANGE MADE AVAILABLE BY OTHER DONORS EVEN THOUGH THEY HAVE NO FOODGRAINS TO EXPORT.

" TURNING TO ANOTHER MATTER, MR. CHAIRMAN, I HAVE ALREADY REFERRED IN ANOTHER CONNECTION TO YOUR GOVERNMENT'S CAPACITY TO SERVICE FUTURE CREDITS. THIS PROMPTS A COMMENT ON THE QUESTION OF PAST CREDITS WHICH MY GOVERNMENT AND OTHERS HAVE MADE TO ADVANCE THE DEVELOPMENT OF PRESENT DAY BANGLADESH. AS I HAVE ALREADY SAID, WE WISH TO CONTINUE OUR PROVISION OF CONCESSIONAL ASSISTANCE TO THIS END. WE BELIEVE IT FOLLOWS THERE SHOULD BE A SATISFACTORY UNDERSTANDING ABOUT THE SERVICING OF PAST CREDITS. IN PROVIDING EXTRAORDINARY LEVELS OF GRANT ASSISTANCE- SOME \$333 MILLION DOLLARS OF GRANT ASSISTANCE IN THE PAST TWO FISCAL YEARS- WE HAVE ALREADY TAKEN INTO ACCOUNT THE LIMITED FINANCIAL ASSETS BANGLADESH INHERITED AT THE TIME OF INDEPENDENCE. MOREOVER, WE ARE FULLY PREPARED IN THE IMMEDIATE FUTURE TO PARTICIPATE WITH OTHER DONORS IN AN ARRANGEMENT FOR THE RESCHEDULING OF DEBT WHICH IS RESPONSIVE TO YOUR FINANCIAL CAPABILITIES.

" LOOKING AHEAD IN ANOTHER VEIN, I WANT TO SAY THAT WE WILL LIMITED OFFICIAL USE

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ALSO BE MUCH INTERESTED IN YOUR GOVERNMENT'S VIEWS ABOUT THE POSSIBLE INSTITUTIONIZATION OF A MULTINATIONAL FORUM FOR THE CONSIDERATION OF BANGLADESH'S REQUIREMENTS FOR EXTERNAL ASSISTANCE. WE THINK THAT THE OBVIOUS USEFULNESS OF THIS AD HOC MEETING SUPPORTS OUR BELIEF THAT A MORE PERMANENT MECHANISM WOULD SERVE OUR MUTUAL INTERESTS IN COOPERATIVE CONSIDERATION OF YOUR GOALS AND OUR MEANS TO SUPPORT THEM.

" I HAVE A FINAL COMMENT TO MAKE, MR. CHAIRMAN, WHICH COULD WELL HAVE BEEN MY FIRST. IT HAS TO DO WITH THE WORLD'S POPULATION EXPLOSION WHICH, AS YOU HAVE ALREADY NOTED, IS ESPECIALLY EVIDENT IN BANGLADESH. WE ALL FACE THE QUESTION OF WHETHER THE WORLD'S RESOURCES WILL BE ABLE TO SUPPORT THE 10 BILLION HUMAN BEINGS WHO WILL INHABIT IT 50 YEARS HENCE UNLESS IN THE INTERIM WE CAN FIND WAYS TO CONTAIN OUR GROWTH. THE QUESTION ARISES MOST QUICKLY FOR BANGLADESH AMONG ALL NATIONS, I THINK. HOW CAN BANGLADESH, WHOSE 75 MILLION PEOPLE EDGE OUT EXISTENCE WITH A PER CAPITA INCOME OF ONLY \$60 PER YEAR, SUPPORT A POPULATION OF 150 MILLION 22 YEARS HENCE? WE APPLAUD YOUR ATTENTION TO THIS MONUMENTAL PROBLEM WHICH WE THINK COMPELS YOUR ATTENTION AS THE SINGLE MOST CRITICAL TASK YOU MUST SOLVE.

" THANK YOU, MR. CHAIRMAN".
NEWBERRY

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*** Current Classification *** LIMITED OFFICIAL USE

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